AN ANALYSIS OF SALES PROMOTION TECHNIQUES ON CONSUMER PACKAGED GOODS INDUSTRY

[WITH REFERENCES TO THE REGION OF DELHI AND NCR]

A
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INTRODUCTION

One can always learn from the changes that are happening around him globally and locally. The world in which we are surviving today is full of cut-throat competition and "survival of the fittest". The ultimate objective of every business is to increase the sale of goods that it deals in. Several techniques can be adopted for the achievement of this goal; some direct while others indirect. Promotion is one of the variables through which information regarding products or services is being communicated to customers to change their attitude and behaviour. Marketers are concerned with effective utilization of promotion-mix to increase sales and market share.

Promotion is the communication with the customers to pursue them to buy the product. It is the duty of the marketing manager to choose the communication media and blend them into an effective promotion programme. These are more than one type of tools used to promote sales. The combination of these tools with a view to maintain and create sales is known as promotion mix. Promotion mix is the name given to the combination of techniques used in communicating with customers. There are four tools of promotion mix viz. advertisement, personal selling, publicity and sales promotion. These are called elements of promotion mix.

Sales promotion has become a valuable tool for the marketers and importance of it has been increasing rapidly over the past few years. Sales Promotion aims straight to influence customers to buy products and increase sales. Sales promotion refers to many kinds of incentives and techniques that are directed towards consumers, traders and sales force with the intention to increase sales in short term. The strategy is a game plan that is needed to perform the tasks effectively and get competitive advantages over others in market. Sales promotion scheme directs the manager in selection of parties, techniques of sales promotion, implementation of techniques and measuring effectiveness of whole efforts regarding sales promotion.

Sales promotion is regarded as typical marketing techniques that add value to a product in order to achieve specific marketing goals. The primary purpose of sales promotion is to induce the consumers to make a quick buying-decision in order to create increases sales. Typical example of sales promotion is to offer customers to take chance of winning a prize or offering some extra products with the same price. Sales promotion and marketing

are inter-related but not have the similar purpose. It is advertising which makes a platform for sales promotion where customers can see the direct added value of buying your product. On the other hand, advertising is an intangible promotion of your products to send the marketing message to the customer-base.

ANALYSIS OF CPG COMPANIES IN INDIA

Products which have a quick turnover, and relatively low cost are known as Fast Moving Consumer Goods (FMCG) goods are popularly named as **consumer packaged goods (CPG)** industry primarily deals with the production, distribution and marketing of consumer packaged goods. The Fast Moving Consumer Goods (FMCG) is those consumables which are normally consumed by the consumers at a regular interval. Some of the prime activities of FMCG industry are selling, marketing, financing, purchasing, etc. The industry also engaged in operations, supply chain, production and general management.

The rapidly increasing middle class Indian population, as well as the rural sector, present a huge potential for this sector. The CPG/ FMCG sector in India is at present, the fourth largest sector with total market size of US$ 14.8 billion. The CPG/ FMCG market is set to treble from US$ 11.6 billion in 2003 to US$ 33.4 billion in 2015.The market is estimated to grow to US$ 100 billion by 2025. It has a strong MNC presence and is characterised by a well established distribution network, intense competition between the organised and unorganised segments and low operational cost. Availability of key raw materials, cheaper labour costs and presence across the entire value chain gives India a competitive advantage.

Unlike some industries, such as automobiles, computers, and airlines, the CPG industry did not slow down during recent recession. As it is meeting the every-day demands of consumers, it will persist to rise. Market share movements show that companies such as Marico Ltd and Nestle India Ltd, with domination in their key categories, have developed their market shares and outperformed peers in the CPG sector.

This also supported by the deficit of competition in the relevant groups. Particular product leaders for example Colgate Palmolive India Ltd and Britannia Industries Ltd have also

observer strength in their relevant groups, assisted by modernizations and well-built distribution networks. Sturdy players in the economy segment as Godrej Consumer Products Ltd in soaps and Dabur in toothpastes have also posted market share improvement, with revived growth in semi-urban and rural markets.

COMMON CPG/ FMCG PRODUCTS

The most common in the list are cleaning and laundry products, over the counter medicines, personal care items and food stuffs make up a huge bulk of the goods in the CPG/ FMCG sector, but it doesn't end there. Consumer electronics, plastic goods, paper products, pharmaceuticals, printing and stationery, alcoholic drinks, tobacco and cigarettes can all be recognize as CPG/ FMCG products.

ROLE OF SALES PROMOTION

1. To popularize goods and services of the manufacturer among the potential consumers and to motivate them towards maximum purchases.
2. To encourage the existing customers for larger purchase.
3. To enhance goodwill of the business.
4. To maintain the sales up to normal level even during seasonal vacations & during the declining stage of PLC.
5. To simplify the efforts of sales force & motivate them for larger purchase.
6. To educate customers/dealers & salesmen about the techniques of sales promotion.
7. To stimulate maximum sales on special occasions such as Diwali, religious festivals and other such occasions.
8. To promote larger sales in certain specified segments of market.
9. To counteract competition.
10. To facilitate coordination & proper link between advertising and personal selling.
11. To search for a new market & to introduce new products in to the market.
12. To present a counter promotional program against the competitors.
13. To prove the product better in quality & users.
14. To increase patronage habits among customers.

STATEMENT OF THE PROBLEM

Connoisseur management is core for developing in particular value and efficiency of overall the Industry, which constructs business organization sustainable in changing political and economic environment. Since couple of years more and number of corporate sector companies have experienced the critical problems of deciding promotional strategy and particularly sales promotion techniques to prevail the customers. Moreover, on the other hand, sales promotion initiatives taken without keeping the long term objectives of the business may attenuates the brand. It is felt that management practices of intending and implementing promotional decisions should be glowing researched and rational to justify the investment on promotions. It has been felt that large gap remain what has been accomplished and what is remaining. Therefore the statement of the problem under the study that has been selected is "An analysis of Sales Promotion techniques on Consumer Packaged Goods Industry" [With references to the region of Delhi and NCR].

OBJECTIVES OF THE STUDY

(i) To evaluate the techniques of sales promotion, impact of sales promotion tools on sales.

(ii) To understand role of sales promotion techniques in increasing number of customers, sales quantity, profits and overall development of the company.

(iii) To study Indian consumer packaged goods Industry to determine the practices adopted by the foremost companies on sales promotion techniques.

(iv) To assess importance and techniques of promotion.

(v) To assess impacts of sales promotion techniques and inconveniences faced by the particular companies.

SCOPE OF THE STUDY

For this research, 'the study is being conducted on promotion-mix elements out of total marketing efforts'. This study is primarily focused on sales promotion techniques, strong supporters involved in sales promotion, arrangement of promotion techniques with sales promotion and its related concepts. Another aspect of the study is to look into FMCG

sector in Indian industry. Leading companies will be choosing on the source of their market share for the research. The study will be carried out in the geographic location of Delhi and NCR.

RESEARCH METHODOLOGY

Research Design: The research design lays the foundation for conducting the task. So the conduct the research design the topic for the research study is sales promotion techniques and the topic is theoretical and descriptive in nature. The descriptive research design is being used to study the formulated problem. So the conduct the research study the type of research suitable is descriptive research only. The data are collected from sales records, dealers, customers and salesmen of the companies performing in CPG/ FMCG sector. The descriptive research has met the requirement of research study.

Sources of Data collection:

Primary data: Required primary data have been collected through interviews with customers, entrepreneurs and sales force and structured questionnaire has been prepared considering objectives of the study.

Secondary data: Gathering secondary data have been collected through document or book records of the industry performing in CPG/ FMCG sector.

Methods of Data collection: For collection of data the following instruments have been used: Questionnaire, phone, E-mail and Interview etc. prepared in view of objectives of the study.

Sample Size: The exact sample size of the study is restricted with 450 respondents.

Sample Area: The study carried out in the geographic location of Delhi and NCR region.

Measurement and Data Analysis: SPSS was used for analysis purpose of the collected data. Percentage, Chi square test and P- value etc. are used to test the various hypotheses.

FINDINGS, CONCLUSIONS, SUGGESTIONS AND RECOMMENDATIONS

For Customers

As for as promotion technique is concerned a maximum of 35% of the respondents attract sales promotions and a minimum of 16.7% of the respondents attract publicity by words of mouth promotion technique. The perception about the technique of sales promotions which one use to push sales is found among the respondents, 31.7% of the respondents consider that price off is one of the most effective method of sales promotion technique that Industry use to push sales and the least 6.2% of the respondents reflect that others technique (coupons, Samples and lucky draws) of sales promotion that Industry use to push sales. The respondents are very cautious in their purchase decision through analysis determine that 41.7% of the respondents believe that price off or discount is more effective to encourage customers to purchase, 23.7% of the respondents state that premium & bonus packs is the sales promotion technique that make them to purchase products, 20.4% of the respondents consider it is extra quantity, 7.9% of the respondents think it is contests and remain 6.3% of the respondents say others technique.

As per view of respondents the company is paying more attention to offer sales promotions benefits to the customers are ranked as Hindustan Unilever Ltd as the No.1 Company (Rank-1), Procter & Gamble Hygiene and Health Care is ranked No.2, Colgate-Palmolive is ranked No.3, Nestle is ranked No.4, Dabur India ltd. is ranked No.5, Cadbury India Ltd is ranked No.6, ITC (Indian Tobacco Company) is ranked No.7, AMUL is ranked No.8, the respondents select Britannia India ltd is ranked No.9 and Parle Foods Pvt Ltd is ranked No.10. Both are paying less attention comparison to other company which offer sales promotions benefits to their customers.

Conclusively state that price off or discounts are the technique of sales promotions which are more effective to encourage customers to buy the products. The majority respondents believe that sales promotion is the promotion technique that they follow. Special care should be taken for sales promotions techniques, which are useful for improvement of sales.

For Salesmen

It is observed 34% of the respondents believe that the role of sales force is important in sales promotion, 30% of the respondents state that very important in sales promotion, 28% of the respondents reflect it is most important. Remain 8% of the respondents think it is less important in sales promotion. The majority 54% of the respondents believe that techniques such as Travelling allowances, Incentives, Commission on Sales, Recognition

and awards are used for sales force. Minority 10% of the respondents consider it is travelling as well as recognition and awards techniques are used for sales force. It is indicated that 42% of the respondents think that sometime techniques are implemented properly, 28% of the respondents state often, 22% of the respondents state they always it is implemented, 6% of the respondents say rarely. The least 2% of the respondents' state they never find out techniques are implemented properly.

It is determined that majority 54% of the respondents are satisfied with their present job and 22% of the respondents say that they are thinking about to change their present job. Remain 24% of the respondents cannot say about to change the job. Response from various respondents explored that 40% of respondents believe that HUL (Hindustan Unilever Ltd) company in CPG/FMCG sector is leader in encourage of salesman, 24% of respondents reflect it is Nestle, which is leader in encourage of salesman, 20% of respondents assume that ITC (Indian Tobacco Company) this company in CPG/FMCG sector is leader in encourage of salesman, and rest off 16% of respondents state that it is Colgate-Palmolive the company is leader in encourage of salesman as per their knowledge and experience of the market.

Management should put sincere efforts for retaining experienced salesmen. They should be treated well and provide with higher incentives, commissions and rewards for better results. Again in motivation of salesmen the leaders are MNCs in India. Most of the company in CPG/FMCG sector is more encouraging salesmen those who have knowledge and experience of the market. The majority of respondents consider that HUL (Hindustan Unilever Ltd) company, Nestle and ITC (Indian Tobacco Company) companies in CPG/FMCG sector are leader in encourage of salesman. Salesmen must learn a lesson and put higher effort to achieve given sales target and enhance their knowledge as well as they can. Sales manager must focus on training and workshop programs for sales force that will help in aligning the organization to achieve the goals. Training of sales force & people management should be implemented properly.

For Dealers

It is denoted that the majority 71.8% of the respondents are satisfied with the Industry supplying CPG/FMCG products and gives sales promotion allowances, 21.5% of the respondents are not satisfied and remain 6.7% of the respondents cannot say. The majority 33.3% of respondents believe that discount is one of the sales promotion techniques used

by the Industry. Minority 4% of respondents state that it is cooperative advertisement, this sales promotion technique which is effective and most of the company use. The majority 31.9% of the respondents accept as true that they always get various types of allowances and minority 6.7% of the respondents say they never find out various types of allowances.

The respondents opined about the supplier support Retailer / Wholesaler in joint or cooperative advertisement for enhancement of sales are 33.3% of the respondents consider they sometime support, 23% of the respondents' state that they often support, 18.5% of the respondents say rarely, 15.6% of the respondents say always and remain the least 9.6% of the respondents say they never support dealers in joint or cooperative advertisement for enhancement of sales.

Dealers should be informed regarding contests and their participation should be improved. The sales promotions techniques for dealers provided are discounts, dealers, gifts, trade - discounts and sales contests. The company can get willing cooperation of dealers in sales promotion. While planning and implementation of sales promotion techniques more care is needed so effectiveness can be improved.

For Managers

It is observed that the higher majority 92% of the respondents believe that sales promotion technique is the better way to increase the sales quantity and minority 4% of the respondents cannot say anything. Majority 68% of the respondents consider that all the reasons such as due to increasing competition, standardizes products need non-price factor support, due to number of customers increase and caused by easy to measure effects are the motive for using more sales promotion techniques in the company. The majority 52% of the respondents consider that sometime immediate and some time delayed are the effect of sales promotion techniques on sales, But 44% of the respondents believe that the impact is immediate of sales promotion techniques on sales and remain 4% of the respondents say that impact is delayed.

It is disclosed that over whelming majority of managers agreed that Liable for implement strategic plan of sales promotion techniques in the company are Top management, Head of sales department and Territory managers. It is observed that 24% of the respondents state that lack of proper planning, 16% of the respondents believe poor dealer relationship, and minority 4% of the respondents consider that faulty administration and lack of interest

are cause of misfire. But higher majority 52% of respondents think all the above reasons for misfire. It is found that Hindustan Unilever Ltd, Dabur India ltd and AMUL companies are leader in execution of the techniques in the market.

Sales mangers of the company should pay proper attention to sales promotion techniques for customers, salesmen and dealers. Majority of the Managers consider that sales promotion technique is the better way to increase the sales quantity. Majority of the managers consider that all the parties such as customers, sales force and dealers are most vital under sales promotion techniques in rising sales. Indian companies' sales promotion strategy impact is tremendous sometimes but sometimes delayed. Sales promotion strategy formulation the impact should be kept in mind for successful efforts and unusual care must be taken by the sales manages on forecast dealers relationship, motivational aspects of parties involves, and implementation. The manufacturers should focus on the herbal related products of CPG/FMCG. The chemical based products are generally harmful to health. There is a need for avoiding chemical based products. It is necessary to protect the future generation, from that point of view the manufacturers should consider and encourage Research and Development department for inventing herbal related products.

LIMITATIONS OF THE STUDY

1. This study is restricted to Delhi and NCR and result may vary if conducted in other regions.
2. The information provided by the respondents is purely on their memory only. The quality and reliability of the data collected are depending upon the memory recall of the respondents.
3. Time and money constraints impose major limitation to the study.
4. This study is limited to sales promotion schemes of CPG product only and result may differ if study is conducted for non CPG product.